

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01

COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07 INT-05 L-03

NSAE-00 NSC-05 OMB-01 PM-04 USIA-06 SAM-01 OES-03

SP-02 SS-15 STR-04 TRSE-00 FEA-01 PRS-01 PA-01 /092 W

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R 222146Z DEC 75

FM AMEMBASSY SAN JOSE

TO /SECSTATE WASHDC 2357

INFO AMEMBASSY CARACAS

LIMITED OFFICIAL USE SAN JOSE 5347

E.O. 11652: N/A

TAGS: ENRG, CS

SUBJECT: NO ADDITIONAL PETROLEUM DOLLARS FOR COSTA RICA

1. ACCORDING TO PRESS REPORTS HERE, PRESIDENT ODUBER STATED IN CARACAS, AFTER HIS CONVERSATIONS WITH PRESIDENT PEREZ OF VENEZUELA, THAT THE POSSIBILITY IN THE NEAR FUTURE OF BUILDING A REFINERY AND PIPELINE IN COSTA RICA FOR VENEZUELAN PETROLEUM HAS BEEN PRACTICALLY PUT ASIDE. ODUBER ALSO REPORTEDLY SAID THAT HE DID NOT THINK THAT VENEZUELA'S ECONOMIC AGREEMENTS WITH COSTA RICA COULD BE ENLARGED BECAUSE THE CENTRAL AMERICAN INTEREST IS TO GET OUT OF DEBT AND REACH A POSITION WHERE IN THE FUTURE IT WILL BE PAYING CASH FOR PETROLEUM. HE SAID THAT HE DID NOT THINK THAT VENEZUELA WOULD BE ABLE TO SELL OIL TO CENTRAL AMERICA AT PREFERENTIAL PRICES, BECAUSE OF ITS "INESCAPABLE AGREEMENTS" WITH OPEC. ODUBER SAID THAT THE VENEZUELAN AGREEMENTS ARE NOT AID AGREEMENTS BUT ARE FINANCIAL PROGRAMS WITH LOW INTEREST RATE LOANS.

2. ODUBER ALSO REPORTEDLY VOICED FU P SUPPORT OF
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COSTA RICA FOR THE VENEZUELAN POSITION AND FOR THE

THIRD WORLD POSITION IN THE STRUGGLE BY THE LARGE
INDUSTRIAL NATIONS AND DEVELOPING COUNTRIES.

3. COMMENT: IN RECENT MONTHS THERE HAS BEEN A GROWING
REALIZATION IN COSTA RICA THAT VENEZUELA WAS UNLIKELY
TO PROCEED WITH THE PROMISED OIL REFINERY AND PIPELINE
PROJECTS. THIS HAS NOW BEEN CONFIRMED. AT THE SAME
TIME, THERE HAS BEEN A GROWING DISILLUSIONMENT IN HIGH
GOVERNMENT CIRCLES WITH THE AID RECEIVED FROM VENEZUELA
UED#CONSIDERATION OF THE IDEA OF PRESSING
VENEZUELA TO GIVE PREFERENTIAL OIL PRICES TO COSTA RICA
AND OTHER CENTRAL AMERICAN COUNTRIES. DESPITE THIS
SENTIMENT, PRESIDENT ODUBER APPEARS TO HAVE ACCEPTED, AT LEAST
FOR THE MOMENT, THE ARGUMENT THAT PREFERENTIAL OIL PRICES
WOULD NOT BE PRACTICAL. ODUBER'S STATEMENT THAT VENEZUELAN
OIL AID CANNOT BE INCREASED APPEARS TO REFLECT AN ACCEPTANCE
OF WHAT HE WAS UNDOUBTEDLY TOLD BY PRESIDENT PEREZ.
CERTAINLY ODUBER'S IMPLICATION THAT HE WOULD NOT WANT TO
SEE THIS AID INCREASED BECAUSE CENTRAL AMERICA WANTS TO
GET OUT OF DEBT IS MISLEADING. COSTA RICA IS
BORROWING AS MUCH MONEY AS IT CAN FIND ON FAVORABLE
TERMS AND WILL HAVE TO CONTINUE TO DO SO UNTIL IT CAN
GET ITS BALANCE OF PAYMENTS SITUATION UNDER CONTROL.
THUS, IT SEEMS QUITE CERTAIN THAT ODUBER WOULD HAVE
WELCOMED AN INCREASE IN VENEZUELAN AID.
TODMAN

NOTE BY OC/T: #AS RECEIVED.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, ECONOMIC ASSISTANCE, PETROLEUM INDUSTRY, GOVERNMENT REACTIONS, REFINERIES, PIPELINES
Control Number: n/a
Copy: SINGLE
Draft Date: 22 DEC 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975SANJO05347
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750444-0797
From: SAN JOSE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751219/aaaaaqbv.tel
Line Count: 89
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 09 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 SEP 2003 by BoyleJA>; APPROVED <12 NOV 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NO ADDITIONAL PETROLEUM DOLLARS FOR COSTA RICA
TAGS: ENRG, CS, XK, VE
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006